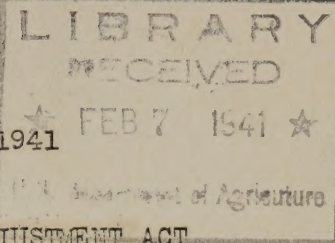


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United States Department of Agriculture
Agricultural Adjustment Administration
Division of Information



January 7, 1941

WHEAT MARKETING QUOTA PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT
OF 1938

Section 335(a) of the Agricultural Adjustment Act of 1938 provides in part that a marketing quota shall be proclaimed whenever it shall appear that the total supply of wheat will exceed a normal year's domestic consumption and exports by more than 35 per cent. This finding must be proclaimed not later than May 15, and a referendum of wheat growers must be held between the date of proclamation and June 10.

All farmers who are subject to the quota are eligible to vote in the referendum. If more than one-third of the farmers voting in the referendum oppose the quota, no marketing quota shall be in effect and no loans can be made on wheat during that marketing year. The referendum is provided in Section 336, and the loan provisions are contained in Section 302.

If marketing quotas are in effect, each farmer can market, without penalty, a number of bushels equal to the normal production or the actual production, whichever is greater, of the farm acreage allotment, as provided in Section 335(c) (1). Thus, a farmer who has kept within his wheat acreage allotment can market all he produces. The farmer who has exceeded his acreage allotment may avoid payment of the penalty by storing, in accordance with the regulations issued by the Secretary, the amount he produces in excess of his farm marketing quota.

Section 339 provides a penalty of 15 cents per bushel for all wheat marketed in excess of the farm marketing quota. Section 335(d), as amended, provides that no marketing quota shall be applicable to any farm on which the normal production of the acreage planted to wheat is less than 200 bushels.

The non-cooperator can secure a loan at 60 percent of the loan value to cooperators on the amount of the excess wheat which he stores under seal.

The supplies of wheat in the United States, as indicated by the available data on May 15, 1939, and May 15, 1940, were under the marketing quota level.

The acreage allotments provided under the Act are enough for normal domestic consumption and exports. Decline in the export market has caused supplies to accumulate within the United States, and the latest published data of the Bureau of Agricultural Economics indicate a carryover July 1, 1941, of 400,000,000 bushels, which would be the largest carryover in the history of the country. The Crop Reporting Board has reported that the acreage and condition of winter wheat on December 1, 1940, indicate a winter wheat production next year of approximately 633,000,000 bushels. The average production of spring wheat for the past 10 years has been 184,000,000 bushels. If weather conditions are normal between now and harvest and if no further export movement develops, the total supply of wheat as indicated by the foregoing figures would be 1,217,000,000 bushels. This would be larger than the wheat supply in the United States for any other year except 1931, when prices were extremely low.

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The marketing quota level for 1940 was 1,021,000,000 bushels, but the marketing quota level for 1941 cannot be determined until next May. The Act provides that the normal domestic consumption and exports shall be determined on the basis of the average for the preceding 10 years, adjusted for current trends.

Under the existing provisions of the Act, marketing quotas become mandatory only when supplies are excessive. Even though quotas should become effective, producers will still be able to market without penalty all they produce on their acreage allotments and will be required to store only the amount of production in excess of this amount. Since the acreage allotments provide for normal domestic consumption and exports, there would still be available all the wheat required by millers.